

CILCO EXHIBIT 1.4

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to
CILCO

1.4

Date 3/21/02 Signature as

FORM OF
INTERCONNECTION AGREEMENT
between
CENTRAL ILLINOIS LIGHT COMPANY
and
OPERATOR
Dated as of _____

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THIS INTERCONNECTION AGREEMENT ("Agreement") is entered into as of _____, _____, by and between CENTRAL ILLINOIS LIGHT COMPANY, an Illinois corporation, with principal offices located at 300 Liberty Street, Peoria, Illinois 61602-1404 ("CILCO" or the "Company") and _____ ("Operator"), a _____ corporation with offices located at _____. The Company and Operator shall be referred to herein individually as a "Party", and collectively, as the "Parties".

WHEREAS: Operator owns, operates and maintains generating facilities totaling approximately ____ MW (net) at ISO Conditions (collectively, the "Facilities");

The Facilities are connected to substations owned by CILCO at various locations specified in Schedule A hereto to deliver to CILCO and other purchasers Energy and Capacity;

CILCO is an Illinois electric utility, and has entered into a Power Supply Agreement, dated as of _____, _____, that provides for the purchase of Energy and Capacity by CILCO from Operator;

Operator wishes to deliver and make available to CILCO Energy Capacity, Energy (other than station service Energy) in accordance with and subject to the terms and conditions of the Power Supply Agreement; and

Consistent with the unbundling of the electric generation business from the transmission and distribution business, the Parties wish to set forth the terms and conditions of interconnection in a stand-alone Interconnection Agreement.

NOW, THEREFORE, in consideration of the mutual representations, covenants and agreements hereinafter set forth, and intending to be legally bound hereby, the Parties hereto agree as follows:

ARTICLE I DEFINITIONS

"Affiliate" shall mean, with respect to a corporation, partnership, or other entity, each other corporation, partnership, or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with, such corporation, partnership, or other entity.

"Agreement" shall mean this Interconnection Agreement dated as of the date first written above by and between the Company and Operator, including all schedules attached hereto and any amendments hereto.

"CILCO Control Area" shall mean the CILCO Control Area recognized by MAIN, or its successor security coordinator, which encompasses the Company's electrical system.

"CILCO OATT" shall mean the CILCO Open Access Transmission Tariff on file with the FERC, including any amendments thereto, or any successor Transmission Tariff approved by FERC for charges applicable to service on CILCO's transmission system;

"Company Distribution Facilities" shall mean all those facilities which are included as part of the Company T&D System which have not been identified as Company Transmission Facilities under CILCO's OATT.

"Company T&D System" shall mean the transmission and distribution facilities owned, controlled, or operated by the Company, either jointly or individually, for purposes of providing transmission and distribution service.

"Company Transmission Facilities" shall mean all those facilities which are included as part of the Company T&D System which have been identified as transmission and the operation of which is subject to the CILCO OATT. Any transmission service over such facilities is separately provided by CILCO under the CILCO OATT.

"Company" shall have the meaning assigned to such term in the first paragraph herein.

"Emergency" shall mean a condition or situation which is deemed by the Company imminently likely to (i) endanger public health, life or property; or (ii) adversely affect or impair the Company T&D System, the Facility, or the electrical systems of others to which the Company's electrical systems are directly or indirectly connected.

"Energy Capacity" means the maximum total amount of electrical capacity of the Facilities, expressed in MW, from which the Facilities are capable of producing Energy for delivery at the Interconnection Points.

"Energy" means electric energy, measured in kWh, produced by the Facilities and delivered to CILCO at the Interconnection Points as defined in Schedule A.

"Facility" or "Facilities" shall mean the one or all of the Facilities as that term is defined in the first paragraph of this Agreement and any additions, Modifications, or replacements thereto.

"FERC" shall mean the Federal Energy Regulatory Commission or any successor agency thereto.

"Force Majeure" as used herein means those causes beyond the reasonable control of the Party affected and without the fault or negligence of the Party claiming Force Majeure, which, through the exercise of reasonable diligence, Good Utility Practice, and reasonable care, that Party could not have avoided or overcome and which wholly or in part prevents such Party from performing its obligations under this Agreement, including, without limitation, the following: any act of God; labor disturbance; act of the public enemy; war; insurrection; riot; fire; storm; flood; lightening strikes; earthquake; explosion; breakage or accident to machinery or equipment; electric system disturbance; order, regulation, or restriction imposed by governmental, military, or lawfully established civilian authorities; action of any court or

governmental authority, or any other case of a similar nature beyond a Party's reasonable control. Mere economic hardship does not constitute Force Majeure.

"Good Utility Practice" shall mean any of the practices, methods, and activities approved by a significant portion of the electric utility industry as good practices under the interconnection arrangements between Parties including any of the practices, methods, or activities which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, expedition, applicable law and regulation. Good Utility Practice is not necessarily the optimal practices, methods or acts to the exclusion of all others, but rather are the practices, methods, or acts generally accepted in the electric utility industry.

"ICC" shall mean the Illinois Commerce Commission or any successor agency.

"Interconnection Points" shall mean the points specified in Schedule A to this Agreement connecting the Facilities to the Company T&D System. The Interconnection Points may be modified from time to time by mutual written agreement of the Parties.

"Interconnection Service" shall mean the services or operations provided by the Company to connect the Facilities to the Company T&D System pursuant to the terms of this Agreement.

"ISO Conditions" means the reference temperature, humidity and pressure conditions established by the International Standards Organization.

"Lagging" shall be defined as set forth in the IEEE Standard Dictionary of Electrical and Electronics Terms (ANSI/IEEE Standard 100-1984, Third Edition).

"MAIN" shall mean the Mid-America Interconnected Network, which is the security coordinator for CILCO's transmission system operations and is a reliability council under Section 202 of the Federal Power Act, established pursuant to the MAIN Agreement, as currently in effect or as amended, or any successor to MAIN which acts as a security coordinator for CILCO's transmission system.

"Meter Error Correction Period" means the actual time period of a meter's registration error, if such time period is definitely known, or, if unknown, a period equal to one half (1/2) the time elapsed since the last previous test of the meter, plus, if the meter has not been tested in accordance with Section 7.3 of this Agreement, the period the meter has been in service beyond the required test period.

"Meter Error Percentage" means the difference, expressed as a percentage, between actual meter registrations during testing and the registrations the meter would have made if it were neither fast nor slow, at an average level that the Parties mutually agree is representative of the level of Net Electric Output of the Facility during the Meter Error Correction Period.

"Modification" means any new construction, additions, modifications, or replacements made by a Party to the Company T&D System, or the Facilities.

"NERC" shall mean North American Electric Reliability Council, or any successor thereto.

"Net Electric Output" means the total electric output of the Facilities in excess of (a) the output that Operator uses to operate the Facilities, and (b) the output that Operator uses in the transformation and transmission of electric energy to the Interconnection Points.

"Operator" shall mean the entity or entities that manage the Facilities.

"Reactive Power" shall be defined as set forth in the IEEE Standard Dictionary of Electrical and Electronics Terms (ANSI/IEEE Standard 100-1984, Third Edition)

"Regulatory Requirements" shall mean any of the applicable practices, methods and acts required by FERC, ICC, MAIN, or other governmental agency or regional reliability council having jurisdiction over the Parties with regard to the subject matter of this Agreement, or the successor of any of them.

"Revenue Meters" shall mean all MW, MWH, MH, MVAR meters, plus isolation relays, pulse conversion relays, transducers used by the Company or any applicable authority such as an independent system operator of which CILCO is a member for billing purposes (including voltage transformers and current transformers), and associated totalizing equipment and appurtenances used to measure the transfer of Energy at the Interconnection Points.

ARTICLE II EFFECTIVE DATE AND TERM

2.1 **Effective Date.** Subject to required regulatory authorizations, this Agreement shall become effective on _____, _____.

2.2 **Term.** This Agreement shall continue in effect until _____, unless terminated earlier pursuant to the terms of this Agreement.

2.3 **Survival.** The applicable provisions of this Agreement shall continue in effect after cancellation or termination hereof to the extent necessary to provide for final billings, billing adjustments and the determination and enforcement of liability and indemnification obligations arising from acts or events that occurred while this Agreement was in effect.

ARTICLE III INTERCONNECTION SERVICE

3.1 **Service.** Under this Agreement, the Company shall provide Operator with Interconnection Service for the Facilities at the Interconnection Points specified in Schedule A.

3.2 Authorization for Parallel Operation. Subject to the terms and conditions of this Agreement, Operator is authorized to operate the Facilities in parallel with the Company T&D System.

3.3 Electric Supply. Electric energy generated by the Facilities shall be delivered to the Company in the form of three (3) phase, sixty (60) hertz, alternating current at the voltage indicated on Schedule A attached hereto, at the Interconnection Points.

3.4 Output Level. Operator is authorized to generate at a gross level not to exceed __MW and to deliver Energy through each Interconnection Point at a level not to exceed the amounts specified in Schedule A.

3.5 Transmission Arrangements. CILCO's merchant function shall be responsible for making any and all arrangements for transmission service under the CILCO OATT applicable to Energy generated by Operator. The parties acknowledge that each party is responsible for obtaining and scheduling any necessary transmission services.

3.6 Use of Company Distribution Facilities. The Parties acknowledge that the Facilities are presently connected to the Company T&D Systems at the transmission level, but that after the completion and certification by FERC of CILCO's transmission system under the criteria established in Order No. 2000, the Facilities may utilize Company Distribution Facilities in order to transmit electric energy for the purpose of selling energy from the Facilities into the CILCO Control Area or to otherwise engage in bilateral transactions in the CILCO Control Area.

ARTICLE IV OPERATIONS AND MAINTENANCE

4.1 General. Operator shall operate and maintain the Facilities in a safe and reliable manner and in accordance with the following:

(a) The Company's Requirements for Operation of Generation connected to CILCO's T&D System, as they may be amended from time to time. A copy of the current Company Requirements is attached hereto as Schedule D;

(b) The National Electric Safety Code;

(c) Applicable local, state and federal laws and regulations; and

(d) Good Utility Practice.

4.2 Relays and Protective Equipment. Operator shall provide, install, own and maintain, relays and associated protective and control equipment.

4.3 Station Service Power

(a) Generally Subject to the provisions of Section 4.3(b), the Company shall provide Operator with supplementary, back-up, maintenance and interruptible power as required

by Operator during the term of this Agreement in accordance with the Company's Electric Service tariffs on file with the ICC and applicable ICC and FERC rules and precedent.

(b) Retail Access Election. Operator may procure all of its station service requirements (supplemental, backup, maintenance, and interruptible power requirements) from itself or from an alternative supplier of its choice in accordance with the terms and conditions of the Company's Electric Service Tariff on file with the ICC, or any precedent established by the FERC.

4.4 Outages. In accordance with Good Utility Practice, the Company or Operator may remove their respective facilities from service as necessary to perform maintenance or testing of equipment, or to install or replace equipment, or to perform Modifications. Absent the existence or imminence of an Emergency, the Parties shall use reasonable efforts to coordinate the scheduling of any necessary maintenance, Modifications, facilities construction, or system expansion that may reasonably be expected to affect the operation of each other's facilities. The Company does not, however, guarantee or warrant uninterrupted availability of the Company T&D system. Neither Party indemnifies the other Party for lost opportunity costs (including lost profits or other types of special damages) due to the outages of their respective facilities.

4.5 Reactive Power. Operator is responsible for supplying the Reactive Power requirements of the Facilities so that the power factor of the Facilities at the Interconnection Points is within the range of ninety-five percent (95%) Lagging and 100% when measured as a generator. If Operator, more than 90 days after notice from the Company of a failure to maintain the Power Factor within the range specified in this Section 4.5, is not able to maintain the power factor within such range, the Company will provide Operator with the notice required in Article X and the Parties shall proceed in accordance with that Article.

ARTICLE V MODIFICATIONS

5.1 Change Initiated by Operator

(a) Generally. Subject to the provisions of this Article, Operator may choose to make Modifications to the Facilities or to other property, equipment or facilities it owns on its side of the Interconnection Points at its sole cost and expense.

(b) Notice to the Company. In the event Operator plans to undertake a Modification that reasonably may be expected to impact the Company T&D System, Operator shall provide the Company with at least ninety (90) days advance notice of the desired Modification accompanied by the relevant drawings, plans, and specifications. The design of each Facility's interconnection equipment, as well as the schedule of work for performing such Modification, shall be subject to review and acceptance by the Company, prior to the commencement of the work. Responsibility for the safe and adequate design, operation and maintenance of each Facility's interconnection equipment shall be and remain the sole obligation of Operator.

(c) Facility Capacity Upgrades. In the event Operator plans Modifications to any Facility that will increase the capacity of that Facility beyond that authorized by this agreement, Operator shall execute a new Interconnection Agreement with the Company, and any application for transmission service for the Modifications shall comply with Attachment J to CILCO's OATT. Such plans also shall be submitted by Operator to MAIN in a timely manner and as required by CILCO and MAIN procedures.

(d) Compensation. Operator shall compensate the Company for the reasonable costs of any Modifications to the Company T&D System that are reasonably necessary as a result of Modifications to any Facility planned by Operator, and pay costs required under CILCO's OATT for any transmission study which is required by any proposed Modifications.

5.2 Change initiated by Company

(a) Generally. Subject to the provisions of this Article, the Company may choose to make modifications to the Company T&D System or to other property, equipment or facilities it owns on its side of the Interconnection Points at its sole cost and expense.

(b) Notice to Operator. If modifications, improvements, repairs, additions, replacements or other changes on or to the Company T&D System require, in the Company's reasonable and sole exercise of its judgment, associated Modifications to the Facilities and/or the metering equipment, the Company shall notify Operator of the need for such Modifications, including the date by which such Modifications are needed.

(c) Responsibility of Operator. Within thirty (30) days after receipt of the Company's notice, Operator shall notify the Company in writing whether Operator elects to (i) make the associated Modifications to its Facilities at its own expenses; or (ii) terminate this Agreement. If Operator does not elect to terminate the Agreement, then Operator shall make the required Modifications to its Facilities, and the Company shall make any required Modifications to the Company T&D System, on a timely basis.

5.3 Modification Drawings. Upon completion of any Modification to the Facilities that may reasonably be expected to affect the Company T&D System, but no later than ninety (90) days thereafter, Operator shall issue "as built" drawings to the Company.

ARTICLE VI RIGHTS OF ACCESS

6.1 Grant of Necessary Licenses, Easements. Operator grants to the Company, at no cost to the Company, all rights and easements that are necessary to construct, install, operate, maintain, replace and remove the Company T&D System, including any metering equipment. Operator shall execute and deliver to the Company in recordable form such instruments as may be required with respect to the foregoing.

6.2 Third-Party Facilities. At Operator's expense, the Company shall be responsible for obtaining any licenses, easements or rights-of-way on property other than

Operator's Facilities' property which may be necessary to enable the Company to perform its obligations under this Agreement.

6.3 Employee Access. Employees authorized by the Company shall have the right to enter upon Operator's Facilities property, at any time, upon reasonable advance notice to Operator, or without notice in the event of Emergency, for the purpose of inspecting the Company T&D System, reading meters or conducting tests to ensure the safe operation of the Company and the Facility's interconnection equipment. The Company's inspection shall not relieve the Operator from its sole obligations to maintain the Facility's interconnection equipment in satisfactory operating condition.

ARTICLE VII METERING

7.1 Design. The Company and Operator shall determine any necessary design changes to the metering equipment currently in place. Metering equipment shall be capable of recording the quantity of electric energy delivered by and to each Facility. Such metering equipment will be capable of providing data required to determine the number of kilowatt hours delivered during each hour of each calendar month as well as total energy delivered per calendar month and will permit continuous reading by each Facility and the Company.

7.2 Ownership, Operations and Maintenance. The Company shall own, operate, and maintain meters and associated metering equipment required under this Agreement.

7.3 Meter Testing and Inspection. Unless specifically provided otherwise in this Agreement, the Company shall maintain the accuracy of all metering equipment installed pursuant to the Agreement by regular testing and calibration in compliance with the Electric Metering Standards set forth in Illinois Administrative Code Part 410, Subpart B. The metering equipment shall be sealed and may be unsealed only by the Company. When meter equipment is to be inspected, tested or adjusted, Operator may have its representatives present on all such occasions. The Company shall give Operator reasonable advance notice of any inspection, tests or adjustments of the metering equipment. Operator may request, at any time, a test of the accuracy of any metering equipment installed pursuant hereto and shall bear the costs of such test, except that the Company shall bear the cost of any test in which it is determined pursuant to Article 7.4 that there is a meter error. The results of all meter calibrations or tests shall be open to examination by Operator upon reasonable notice to the Company.

7.4 Meter Error. Any meter tested and found to have a meter error of less than or equal to the applicable percentages contained in Part 410 of the Illinois Administrative Code shall be considered correct and accurate. If, as a result of such test, the meter error greater than the applicable percentages in Part 410 of the Illinois Administrative Code, the Company shall, at its cost and expense, restore the metering equipment to a condition of accuracy or replace it. In such event, adjustments shall be made to correct all measurements made by the defective or inaccurate meter. If either Party believes that there has been a metering equipment inaccuracy, failure, or stoppage, it shall immediately notify the other Party.

7.5 Meter Failure. Should a meter installed at any Facility fail to register during any period of time, the Net Electric Output delivered to the Company during such period shall be estimated jointly by the Company and Operator in close coordination and cooperation with each other, based on the best information available.

7.6 Billing Adjustments. If at any time any metering equipment is found to be inaccurate by a margin greater than that allowed under applicable criteria, rules, and standards of Good Utility Practice, such metering equipment will be made accurate or replaced. Meter readings and billings for the period of the inaccuracy will be adjusted insofar as the extent of the meter inaccuracy can be reasonably ascertained. Each Party will comply with any reasonable request of the other Party concerning the sealing of the meters, the presence of a representative of the other Party when the seals are broken and the test are made, and any other matters affecting the accuracy of the measurement of electricity delivered from or to any Facility.

7.7 Operator's Supplemental Metering. Operator has installed metering equipment, referred to as Check Meters in the Power Supply Agreement, which are redundant to the Company's metering equipment. Operator agrees to operate, maintain and read its Check Metering equipment in accordance with both Good Utility Practice and the standards set out in this Article. If any metering equipment installed by the Company fails to register during any period of time, the amount of electric energy delivered to the Company during such period shall be determined by reading the Facility's Check Metering equipment, provided that Operator shall read and record its Check Meters on the identical dates that the Company reads its meters.

7.8 Meter Reading. The Company shall read the meters no less frequently than once each 35 days, to determine the amount of electric energy delivered since the previous meter reading. The Company shall provide Operator with the results of each meter reading.

ARTICLE VIII CHARGES

8.1 Specified Charges. Operator agrees to pay the following Charges to compensate the Company for performing its obligations under this Agreement:

(a) **Administrative Charge.** This Charge shall compensate the Company for the preparation of bills and processing of Facility-specific data on energy delivered to the Interconnection Point. The Administration Charge under this Agreement is set forth in Schedule B.

(b) **Metering Charge.** This Charge shall compensate the Company for operations, maintenance, inspection, testing and carrying charges for the metering equipment. The Metering Charge under this Agreement is set forth in Schedule C.

8.2 Generator Imbalances. Operator shall pay for generator imbalances pursuant to any applicable provisions in CILCO's OATT or the applicable Regional Transmission Operator, or any successor thereto.

8.3 **Cost Reimbursement.** Operator agrees to reimburse the Company on a time and materials basis for actual costs incurred by the Company in performing any obligation under this Agreement not covered in the preceding Section 8.1. The Company shall make whatever filings with the FERC as may be required in order for the Company to recover such costs from Operator.

8.4 **Billing and Payment.** Billing and payment of all Charges and other chargeable costs under this Agreement shall be made in accordance with Article IX.

ARTICLE IX BILLING AND PAYMENT

9.1 **General.** On a monthly basis, the Company shall prepare and deliver to Operator an invoice for those reimbursable services provided to Operator under this Agreement during the preceding month. Energy and capacity supplied to the Facilities for station service power is billed separately under the provisions of the Electric Service Tariff and is not billed under the provisions of this Article IX.

9.2 **Invoice.** Each invoice shall delineate the month in which the services were provided, shall fully describe the services rendered, and shall be itemized to reflect the services performed or provided.

9.3 **Payment.** The invoice shall be due and paid within fourteen (14) calendar days after the date of the invoice. All payments shall be made in immediately-available funds payable to the Company, or by wire transfer to a bank named and account designated by the Company.

9.4 **Disputes.** Disputed amounts shall be placed, on or before the day the amount is due, in an interest-bearing escrow account, subject to resolution of the dispute.

9.5 **Waiver.** Payment of an invoice shall not relieve Operator from any other responsibilities or obligations it has under this Agreement, nor shall such payment constitute a waiver of any claims arising hereunder.

9.6 **Interest.** Interest on any unpaid amounts (including amounts placed in escrow) shall be one and one half percent (1½%) per month. Interest on delinquent amounts shall be calculated from the due date of the invoice to the date of payment. When payments are made by mail, invoices shall be considered as having been paid on the date of receipt by the other Party.

9.7 **Payment During Dispute.** In the event of a billing dispute between the Company and Operator, the Company shall continue to provide services as long as Operator (a) continues to make all payments not in dispute, and (b) pays into an interest-bearing escrow account the portion of the invoice in dispute, pending resolution of such dispute.

9.8 **Payment by a Third Party.** Operator may, in its sole discretion and by written notice to Company, designate a third party to receive and pay invoices hereunder, with

no less than 14 days' notice prior to each monthly billing date. A change in such designation can be made effective for no shorter period than the monthly billing period. Company shall deliver a copy of each invoice rendered hereunder to any third party so designated by Operator on the same date that such invoice is delivered to Operator. Payment of an invoice rendered hereunder by any such third party shall have the same effect as if payment were made by Operator. However, Operator's designation of any such third party shall not relieve Operator of the obligation to make all payments due hereunder which are not paid by such third party. Operator shall remain primarily and ultimately responsible for payment of all charges it incurs under this Agreement.

ARTICLE X ADVERSE EFFECTS ON SYSTEM CONDITIONS

10.1 Determination of Adverse Effect. If, in the Company's sole opinion, any Facility's operation at any time or from time to time causes any adverse effects to the Company's electric service provided to the Company's other customers, and the Company determines in good faith that such adverse effects would be remedied solely by Modification or addition to the Company T&D System or interconnection facilities, the Company shall provide Operator with the notice required in Section 10.2 and the Parties shall proceed in accordance with that Section. For purposes of this Agreement, the term "adverse effects" ("Adverse Effects") shall include, but are not limited to the following:

(a) any condition that causes the Company's equipment to malfunction or fail in any manner, or

(b) any condition that causes fluctuations or disturbances to, or interruptions in, the delivery of electric energy over the Company T&D System.

10.2 Notice of Determination. The Company shall promptly notify Operator of any existence of "Adverse Effects" on the Company T&D System caused by the operation and/or configuration of any Facility. Said notice shall include a description of the Modifications and/or additions the Company and/or Operator must make to their respective systems to remedy the Adverse Effect. If Operator requests from the Company a more detailed description of the Adverse Effect and/or recommended modification and/or addition to the Parties' facilities, Operator shall pay the Company, in advance, for the costs incurred to provide the additional information. Such additional information shall include an overall description of the necessary modifications, including estimated costs and estimated construction time. Within thirty (30) days after receipt of the Company's notice of Adverse Effect and plan for Modification to any Facility to remedy the Adverse Effect, Operator shall notify the Company in writing whether Operator elects to (1) modify the Facility to remedy the Adverse Effect, or (2) reimburse the Company for costs and expenses to be incurred by the Company to modify the Company T&D System to remedy the Adverse Effect, or (3) terminate this Agreement. If a dispute arises between the Company and Operator regarding the need for Modifications and/or additions to the Company T&D System pursuant to this Article, such dispute shall be resolved in accordance with Article XX hereof. Operator shall have no obligation to make an election under this Article until such dispute has been so resolved.

(a) If Operator elects to modify the Facility, necessary Modifications shall be completed within sixty (60) days after the later of Operator's receipt of all necessary authorizations or Operator's receipt of all necessary equipment, unless the Parties agree to a longer period of time.

(b) If Operator elects to reimburse the Company for costs and expenses to be incurred to modify the Company's electrical system, the Company shall make the necessary Modifications within sixty (60) days after the later of (i) the Company's receipt of Operator's notice, (ii) the Company's receipt of necessary authorizations; or (iii) the Company's receipt of any necessary equipment unless the Parties agree to a longer period of time.

(c) If Operator elects to terminate this Agreement, the Agreement shall terminate upon the Company's receipt of Operator's notice thereof.

10.3 Disconnection. To the extent necessitated by Good Utility Practice, the Company may in its sole determination, disconnect any Facility from the Company T&D system until the Adverse Effect is corrected at Operator's sole expense and notwithstanding the pendency of any dispute regarding the Company's finding of Adverse Effects.

10.4 No Current Adverse Effects. CILCO hereby represents and warrant to Operator that, as of the effective date of this Agreement set forth in Section 2.1, no Adverse Effect is in existence and CILCO has no cause or reason to suspect that an Adverse Effect is reasonably likely to occur during the term of this Agreement.

ARTICLE XI EMERGENCIES

11.1 Obligations. Operator agrees to comply with MAIN's and the Company's procedures with respect to Emergencies and to comply with directives issued by the Company and MAIN thereunder.

11.2 Notice. The Company shall provide Operator with oral notification that is prompt under the circumstances of an Emergency that may reasonably be expected to affect Operator's operation of any Facility, to the extent the Company is aware of the Emergency. Operator shall provide the Company with oral notification that is prompt under the circumstances of an Emergency which may reasonably be expected to affect the Company T&D System, to the extent Operator is aware of the Emergency, such as any Facility going off-line. To the extent the Party becoming aware of an Emergency is aware of the facts of the Emergency, such notification shall describe the Emergency, the extent of the damage or deficiency, its anticipated duration, and the corrective action taken and/or to be taken, and shall be followed as soon as practicable with written notification in accordance with Section 21.1.

11.3 Company Authority. The Company may, consistent with Good Utility Practice, take whatever actions or inactions the Company deems necessary during an Emergency, including, without limitation, to issue directives and comply with directives of MAIN in order to (a) preserve public health and safety; (b) preserve the reliability of the company T&D System; (c) limit or prevent damage and (d) expedite restoration of service.

ARTICLE XII SAFETY

12.1 General. The Company and Operator agree that all work performed by either Party, which might reasonably be expected to affect the other Party, shall be performed in accordance with Good Utility Practice, and all applicable laws, rules, and regulations pertaining to the safety of persons or property. Whenever any Facility is off-line Operator shall call the Company System Operator and request authorization to reconnect that Facility to the Company T&D System.

12.2 Environmental Release. Each Party shall notify the other Party, first orally and then in writing, of the release of hazardous substances, (as defined from time to time by the United States or Illinois Environmental Protection Agencies), any asbestos or lead abatement activities, or any type of remediation activities, each of which may reasonably be expected to affect the other Party, as soon as possible but not later than twenty-four (24) hours after the Party becomes aware of the occurrence, and shall promptly furnish to the other Party copies of any reports filed with any governmental agencies addressing such events.

ARTICLE XIII ASSIGNMENT

13.1 Successors and Assigns. The rights and obligations created by this Agreement shall inure to and bind the successors and assigns of the Parties hereto.

13.2 Consent Required. Except as provided below in Sections 13.3 and 13.4, no Party hereto may assign any rights or obligations hereunder and no assignment may occur by operation of law, without obtaining the consent of the other Party, which consent shall not be unreasonably withheld.

13.3 Consent Not Required. No consent to assignment is required where the assignee is acquiring substantially all of the electric operating properties of the assignor, or where the assignee is an Affiliate of the assignor and agrees in writing to be bound by all of the terms and conditions of this Agreement. However, unless otherwise agreed to in writing, no such assignment shall relieve or discharge such assignor from any of its outstanding obligations under this Agreement prior to the effective date of the assignment.

13.4 Financing Arrangements. No consent is required for either Party or its permitted assignee to assign, transfer, pledge or otherwise dispose of its rights and interests hereunder to a trustee or lending institution for the purposes of financing or refinancing, provided, however, that no such assignment described in this Section shall relieve or discharge the assignor from any of its obligations hereunder. Each Party hereto agrees to execute and deliver, at the assignor's expense, such documents as may be reasonably necessary to accomplish any such assignment, transfer, pledge, or other disposition of rights hereunder for purposes of the financing or refinancing, so long as the non-assigning Party's rights under this Agreement are not thereby altered, amended, diminished or otherwise impaired.

**ARTICLE XIV
LIABILITY AND INDEMNIFICATION**

14.1 **General.** Operator shall be and remain solely responsible for the suitability, safety and adequacy of the operation and maintenance of all generation and interconnection equipment, other than metering, on Operator's side of the Interconnection Points.

14.2 **Limitation of Liability.** Neither the Company nor Operator, nor their respective officers, directors, agents, employees, parent or affiliates, successors or assigns, will be liable to the other Party or its parent, subsidiaries, affiliates, officers, directors, agents, employees, successors or assigns, for claims, suits, actions or causes of action, or otherwise, including third party claims, for incidental, punitive, special, indirect, multiple or consequential damages (including attorneys' fees and other litigation costs, or claims for lost profits or revenues) connected with or resulting from any action or inaction under this Agreement, including, without limitation, any such damages which are based upon causes of action for breach of contract, tort, breach of warranty, strict liability, statute, operation of law, or any other theory of recovery.

14.3 **Liability and Indemnification.** The Company and Operator agree that each Party shall be responsible for the electricity on its respective side of the Interconnection Points and shall indemnify, save harmless and defend the other from and against any and all claims, demands, costs or expenses for loss or damage to property or injury or death to persons in any manner directly or indirectly arising from, connected with or growing out of the presence or use of electricity or the transmission of electricity over the wires, cables, devices or appurtenances on such Party's side of the Interconnection Point.

14.4 **Employees.** Each Party hereto shall be solely liable for the claims of its own employees arising from any worker's compensation laws.

14.5 **Survival.** The indemnification obligations of each Party under this Article XIV shall continue in full force and effect regardless of whether this Agreement has either expired or been terminated or canceled.

**ARTICLE XV
INSURANCE**

15.1 **Obligations.** Each Party shall maintain, at its own cost, fire, liability, worker's compensation, and such other forms of insurance, in such amounts and on such terms and conditions as is customary and reasonable in the electric utility industry and in conformance with Good Utility Practice.

15.2 **Minimum Coverage Levels.** Notwithstanding the preceding section, Operator shall continue to maintain the following minimum levels of insurance coverage.

Commercial General Liability insurance - combined single limit for bodily injury and property damage (including broad form contractual liability) of at least five million dollars (\$5,000,000). The foregoing coverage shall be primary and shall not require contribution.

Operator may provide the coverage through the use of a primary liability policy or through a combination of primary liability and umbrella liability policies. However, the total limit of liability shall not be less than the limit set forth above. Operator shall provide a certificate of insurance to the Company. If Operator renews or makes changes in its insurance coverage, such insurance coverage must be continuous and without interruption. The certificate of insurance and the insurance policies shall contain a provision that coverage afforded under the policies shall not be canceled, allowed to expire, or subjected to reduction in the limits in any manner unless at least 30 days prior written notice (10 days notice in the case of nonpayment of premium) has been given to the Company.

All insurance coverage required by this Article shall be provided by insurance companies having ratings of A- or better and financial sizes of VII or larger in the latest edition of Best's Key Rating Insurance Guide that is in effect as of the issuance date of the certificate of insurance.

ARTICLE XVI BREACH, CURE AND DEFAULT

16.1 Occurrence of Breach. A breach of this Agreement shall occur upon the failure by a Party to perform or observe any material term or condition of this Agreement.

16.2 Scope. A breach of this Agreement shall include:

- (a) The failure to pay any amount when due;
- (b) The failure to comply with any material term or condition of this Agreement, including but not limited to any material breach of a representation, warranty or covenant made in this Agreement;
- (c) The appointment of a receiver or liquidator or trustee for either Party of any property of a Party, and such receiver, liquidator or trustee is not discharged within sixty (60) days;
- (d) The entry of a decree adjudicating a Party bankrupt or insolvent, and such decree is continued undischarged and unstayed for a period of sixty (60) days; or
- (e) The filing of a voluntary petition in bankruptcy under any provision of any federal or state bankruptcy laws by a Party.

16.3 Cure and Default. Upon a Party's breach of its obligations under this Agreement, the other Party (hereinafter the "non-breaching Party") may give the Party in breach (the "breaching Party") a written notice describing such breach in reasonable detail, the nature of the breach and, where known and applicable, the steps necessary to cure such breach, and demanding that the breaching Party cure such breach. The breaching Party shall be deemed to be in default of its obligations under this Agreement if (i) it fails to cure its breach within thirty (30) days after its receipt of such notice, or (ii) where the breach is such that it cannot be cured within such period of time, the breaching Party does not commence in good faith all such steps as are

reasonable and appropriate to cure such breach within such thirty (30) day period and thereafter diligently pursue such action to completion. If the breach is not cured as required, pursuant to this Article, the Non-Breaching party may terminate this Agreement upon written notice to the Breaching Party.

ARTICLE XVII TERMINATION OF INTERCONNECTION SERVICE

17.1 Expiration of Term. Except as otherwise specified in this Article or elsewhere in this Agreement, Interconnection Service for the Facility terminates at the conclusion of the Term of this Agreement stated in Article II of this Agreement.

17.2 Mutual Consent. This Agreement may be terminated at any time upon the written mutual consent and agreement of the Parties.

17.3 Termination by Operator. Operator may terminate this Agreement upon the Company's material default or breach of this Agreement by providing the Company with thirty (30) days advance written notice of termination.

17.4 Termination by the Company. The Company may terminate this Agreement upon the Operator's material default or breach of this Agreement by providing thirty (30) days written notice of termination.

17.5 Disconnection. Upon termination of Interconnection Service in accordance with this Article, the Company shall, in coordination with Operator, physically disconnect the Facilities from the Company T&D System.

17.6 Survival of Rights. Termination of this Agreement shall not relieve either Party of any of its liabilities and obligations arising hereunder prior to the date termination becomes effective, and each Party may take whatever judicial or administrative actions as appear necessary or desirable to enforce its rights hereunder.

ARTICLE XVIII FORCE MAJEURE

18.1 Scope. Each Party hereto shall be excused from performing hereunder, and shall not be liable to the other Party in damages or otherwise, if and to the extent that it shall be unable to perform or be prevented from performing hereunder, by reason of Force Majeure, as defined herein, except that Force Majeure cannot excuse or otherwise reduce any payment obligation of any Party under this Agreement. A Party shall be excused from performing hereunder, and shall not be liable to the other Party in damages or otherwise, only for the duration of the Force Majeure event.

18.2 Surviving Obligations. Each Party shall have the obligation to operate in accordance with Good Utility Practice at all times and following any event of Force Majeure described in this Article XVIII shall use diligent efforts to remove the cause of failure to supply or receive electric energy.

ARTICLE XIX AUDIT RIGHTS

19.1 Right to Audit. Either Party shall have the right, during normal business hours and upon prior reasonable notice to the other Party, to audit each other's accounts and records pertaining to either party's performance and/or satisfaction of obligations arising under this Agreement, for a period of two years from the date of the action to be audited.

19.2 Location and Scope. Any audit conducted in accordance with this Article shall be performed at the offices where such accounts and records are maintained and shall be limited to those portions of such accounts and records that relate to obligations under this Agreement.

ARTICLE XX DISPUTES

20.1 Submission. Any claim or dispute, which either Party may have against the other, arising out of the Agreement shall be submitted in writing to the other Party not later than sixty (60) days after the circumstances which gave rise to the claim or dispute have taken place. The submission of any claim or dispute shall include a concise statement of the question or issue in dispute, together with relevant facts and documentation to fully support the claim.

20.2 Alternative Dispute Resolution. If any such claim or dispute arises, the Parties shall use their best efforts to resolve the claim or dispute, initially through good faith negotiations or upon the failure of such negotiations, through mutually agreed to or FERC's Alternative Dispute Resolution ("ADR") techniques; however, either Party may terminate its participation in ADR during any stage of ADR and proceed to submit such claim to arbitration in accordance with Section 20.3.

20.3 Arbitration. If any claim or dispute arising hereunder is not resolved within sixty (60) days after notice thereof to the other party, either Party may demand in writing the submission of the dispute to binding arbitration and shall be heard by one neutral arbitrator under the American Arbitration Association's Commercial Arbitration Rules.

20.4 Time Limitation. The arbitration process shall be concluded not later than six (6) months after the date that it is initiated and the award of the arbitrator shall be accompanied by a reasoned opinion if requested by either Party. The arbitrator shall have no authority to award punitive or treble damages or any damages inconsistent with Article XVIII hereof. The arbitration shall be conducted as a common law arbitration and the decision of the arbitrator rendered in such a proceeding shall be final. Judgment may be entered upon it in any court having jurisdiction.

20.5 Procedures. The procedures for the resolution of disputes set forth herein shall be the sole and exclusive procedures for the resolution of disputes; provided, however, that a Party may seek a preliminary injunction or other preliminary judicial relief if in its judgment such action is necessary to avoid irreparable damage or to preserve the status quo. Despite such action, the Parties will continue to participate in good faith in the procedures specified herein.

All applicable statutes of limitations and defenses based upon the passage of time shall be tolled while the procedures specified herein are pending. The Parties will take such action, if any, required to effectuate such tolling. Each Party is required to continue to perform its undisputed obligations under this Agreement pending final resolution of a dispute. All negotiations pursuant to these procedures for the resolution of disputes will be confidential, and shall be treated as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and State Rules of Evidence.

20.6 Rights Under the Federal Power Act. Nothing in this Article shall restrict the rights of any Party to exercise the Federal Power Act rights, which rights are preserved under Section 21.3 of this Agreement.

ARTICLE XXI MISCELLANEOUS

21.1 Notices. Any notice, request, demand, statement and/or payment provided for in this Agreement, except as otherwise provided herein, shall be in writing and shall be sent to the Parties hereto at the following addresses:

Company: Central Illinois Light Company
Attention: Energy Control
300 Liberty Street
Peoria, IL 61602-1404
Facsimile: (309) 677-5617
Tel: (309) 677-5625

and

Central Illinois Light Company
Attn: FERC Rate Administrator
300 Liberty Street
Peoria, Illinois 61602-1404
Facsimile: (309) 677-7579
Tel: (309) 677-5561

Operator: Operator

Attn: _____

Phone: _____

Fax: _____

Any notice, request, demand, and/or payment shall be deemed to have been given and received when personally delivered or upon receipt as evidenced by a U.S. Postage Service receipt for certified mail or evidence of delivery by a private express mail service. Either Party may change the address to which notices are provided by written notice to the other Party.

21.2 Governing Law.

(a) This Agreement and all rights and obligations of the Parties hereunder are subject to all applicable Illinois and Federal laws and all applicable duly promulgated orders and regulations and duly authorized actions taken by the executive, legislative or judicial branches of government, or any of their respective agencies, departments, authorities or other instrumentalities having jurisdiction.

(b) When not in conflict with or preempted by federal law, this Agreement will be governed by and construed in accordance with the law of the State of Illinois without giving effect to the conflict of law principles thereof.

21.3 Federal Power Act Rights Reserved. Nothing contained in this Agreement shall be construed as affecting in any way the ability of any Party to this Agreement to exercise its rights under the Federal Power Act and pursuant to FERC's rules and regulations promulgated thereunder, including but not limited to, the Company's unilateral right to make application to FERC for a change in the rates, terms and/or conditions of this Agreement under Section 205 of the Federal Power Act and the Operator's right to file a complaint under Section 206.

21.4 Taxes. Each party agrees to pay any and all local, state, federal sales, use, excise or any other taxes which are now, or in the future may be, assessed and legally owed by such Party pertaining to goods provided and/or the services performed under this Agreement. Each Party shall be responsible for any income taxes that apply to the moneys it receives hereunder.

21.5 Relationship of the Parties. Nothing in this Agreement is intended to create a partnership, joint venture or other joint legal entity making any Party jointly severally liable for the acts of the other party. Each Party shall be solely liable for the payment of all wages, taxes, and other costs related to the employment of persons by that party to perform under this Agreement, including all federal, state, and local income, social security, payroll and employment taxes and statutorily-mandated workers' compensation coverage. None of the person employed by either Party shall be considered employees of the other Party for any purpose, nor shall either Party represent to any person that such persons are or shall become employees of the other Party.

21.6 Entire Agreement. This Agreement, including all schedules, appendices and other attachments hereto and made part hereof, is the Parties' complete and exclusive statement of the terms of the Agreement and the matters contemplated herein. All prior written and oral understandings, offers or other communications of every kind pertaining to the subject matter of this Agreement are hereby superseded.

21.7 Waiver. Delay by any Party in enforcing its rights under this Agreement shall not be deemed a waiver of such rights. Any waiver of rights by any Party with respect to any default or other matter arising under this Agreement shall not be deemed a waiver with respect to any other default or other matters arising under this Agreement.

21.8 Amendment and Modification. This Agreement may be amended or modified only by a writing executed by the authorized representatives of both Parties. Any amendment or modification that is not in writing and so executed shall be null and void from its inception.

21.9 Severability. If any term, condition, covenant, restriction or other provision of this Agreement is held by a court or regulatory agency of competent jurisdiction or by legislative enactment to be invalid, void or otherwise unenforceable, the remainder of the terms, conditions, covenants, restrictions and other provisions of this Agreement shall remain in full force and effect unless such an interpretation would materially alter the rights and privileges of any Party hereto. If any term, condition, covenant, restriction or other provision of this Agreement is held invalid, void or otherwise unenforceable, the Parties shall attempt to negotiate an appropriate and equitable replacement, revision or adjustment to the provision of this Agreement to restore the benefits and obligations conferred under the original Agreement.

21.10 Headings and Captions. Section headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement. Whenever used herein the singular number shall include the plural, the plural shall include the singular, and the use of any gender shall include all genders.

21.11 Counterparts. This Agreement may be executed in any number of counterparts which may be executed at different times. Each counterpart, including applicable individual attachments shall constitute an original but all such counterparts together shall constitute one and the same instrument.

21.12 No Third Party Rights. Nothing in this Agreement, express or implied, is intended to confer on any person, other than the Parties, any rights or remedies under or by reason of this Agreement.

*** Signature Page Follows ***

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Agreement as of the date first above written.

CENTRAL ILLINOIS LIGHT
COMPANY

By: _____
Its: _____

OPERATOR

By: _____
Its: _____

SCHEDULE A

Energy shall be delivered at the points where CILCO's electric distribution line attaches to the side of the transformers owned by the Operator, as specified below:

Duck Creek	345,000 @ high side
Edwards Units 1 and 2	69,000 @ high side
Edwards Unit 3	138,000 @ high side
Sterling Avenue	13,200 @ low side

SCHEDULE B

Administration Charge

On each business day, Central Illinois Light Company will read the meters at each Facility through its dial-up meter reading system, process the readings and thereafter report such readings monthly to Operator. The meter readings and electronic reporting both occur after the fact and do not reflect real time energy output from each Facility.

A monthly charge of \$ _____

SCHEDULE C

Metering Charge

Monthly meter charge: \$ _____

SCHEDULE D

OPERATION OF GENERATION CONNECTED TO CENTRAL ILLINOIS LIGHT COMPANY'S TRANSMISSION/DISTRIBUTION SYSTEM

I. Objectives

This policy states the minimum requirements for safe and effective operation of an independent power Operator's interconnect. CILCO and Operator engineers shall be guided by this document when planning an interconnect between CILCO and Operator-owned generation.

II. Management Policy

It is the policy of CILCO to permit any Operator to operate his/her generating equipment in parallel with CILCO's electric system whenever this can be done without adverse effects to the general public, to CILCO's equipment, or to CILCO's personnel. Certain protective devices (relays, circuit breakers, etc.), specified by CILCO, shall be installed at any location where a Operator desires to operate generation in parallel with CILCO's system. The purpose of these devices is to promptly remove the backfeed from the Operator's generation whenever a fault or abnormality occurs, so as to protect the general public and the CILCO facilities and personnel from damage or injury due to fault currents produced by the Operator's generator(s).

CILCO shall not assume any responsibility for protection of the Operator's generator(s), or of any other portion of the Operator's electrical equipment. The Operator is solely responsible for protecting his/her equipment in such a manner that faults or other disturbances on CILCO's system do not cause damage to the Operator's equipment.

CILCO reserves the right to an annual on-site inspection of Operator's equipment to ensure proper operating conditions.

III. Initial Contact Procedure

The Operator must supply the CILCO Distribution Representative with the following information:

- A. Generator Data – size, type, subtransient reactance, transient reactance, time constants, etc., required to perform electric system dynamics and short circuit analysis. Specific data requirements are dependent upon the size of the generator and are listed on Exhibit A, the "Application for Parallel Operation with Central Illinois Light Company."
- B. Overall one-line diagram of Operator's electrical system indicating generator location and interconnection point with CILCO.

- C. Drawings for single-phase installations showing the control schematics of the protective scheme used to isolate and/or separate for faults on the CILCO system. The location and ratios of the current transformers and potential transformers used for the isolation protection should be included. Two sets of drawings are required on three-phase installations. These will be custom-designed by CILCO Electric Engineering and Operator representatives.
- D. Location of facility and desired in-service date.

CILCO will then:

- E. Determine the Company's ability to comply with Operator's request.
- F. Review and approve all details of Operator's proposed installation package. Any changes required by CILCO shall be made and noted on Operator's drawing and returned for updating. Final approval for operation shall not be given until final copies of as-installed package have been received. (Comments and changes will be limited to the design which concerns the protection of CILCO's system and customers.)
- G. Give temporary approval for installation of package with final approval after:
 - 1. Major equipment tests are completed.
 - 2. Protective relay tests are completed.
 - 3. Functional tests are completed on tripping and interlock schemes before energization and synchronizing is verified.
 - 4. All revised one-line and as-installed schematics have been received by the Company.
 - 5. An on-site inspection is performed by CILCO Engineering.
 - 6. An Agreement For Operator Cogeneration is signed by both parties.

The Company shall witness the tests referenced in Items 1, 2 and 3 above.

- H. Provide the appropriate written agreements for execution by both Company and Operator.

IV. General Requirements

These requirements apply to all three-phase and single-phase generators that may operate in parallel with the CILCO system. Section V provides additional requirements for three-phase generators and Section VI provides additional requirements for single-phase generators.

- A. As a first step in gaining CILCO-approval for parallel operation, the Operator shall complete and sign Exhibit A, "Application for Parallel Operation with

Central Illinois Light Company." (1000 KVA and larger must also fill out Exhibit B.)

- B. Any protective relaying or equipment additions or changes on properties of CILCO that may be required by interconnection with the Operator's generator(s) shall be accomplished by CILCO at the Operator's expense. This may include, but is not limited to, the upgrading of transformer insulation levels and lightning arrestor ratings and the replacement of circuit breakers due to increased fault current levels.
- C. The Company may require, at Operator's expense, a dedicated transformer(s) to serve said Operator.
- D. The Operator shall be solely responsible for properly synchronizing his/her generator(s) with the utility.
- E. When the CILCO service experiences a scheduled or unscheduled outage, an automatic relaying scheme must prevent the CILCO service from being energized by Operator generation. This protective scheme must be initiated by loss of voltage on any and all phases of CILCO's service. Also, if any line-to-ground or line-to-line service voltage drops below 85% of nominal voltage, the protective scheme must be initiated within one (1) second.
- F. In order to ensure public and personnel safety, and minimize equipment damage, the Operator's generator must be quickly isolated in case of any electrical fault (three-phase, line-to-line, line-to-ground, etc.) on CILCO's system. This isolation must be accomplished automatically and within one (1) second of a fault occurrence.
- G. The Operator's generating equipment shall not cause objectionable interference with the electric service provided to other customers of the Company. In order to minimize the interference of the Operator's parallel generation with the Company's electric service operation, the Operator's generation shall meet the following criteria:
 - 1. Voltage. The Operator's generating equipment shall not cause excessive voltage excursions. The Operator will operate his/her generating equipment in such manner that the maintained voltage levels are in the same range as if the generating equipment were not connected to the system. The Operator shall provide an automatic method of disconnecting his/her generating equipment from the Company's facilities within one (1) second or less if the voltage cannot be maintained within this tolerance.
 - 2. Flicker. The Operator shall not cause excessive voltage flicker on the electric facilities of the Company. This flicker shall not exceed 2% as measured at the primary of the dedicated transformer or as measured at the Operator's service equipment.

3. Frequency. The operating frequency of the Operator's generating equipment shall be 60 hertz. To assure proper coordination with the Company's automatic under-frequency load shedding program, the Operator shall provide an automatic method of disconnecting his/her generating equipment from Company facilities within 0.2 seconds if the frequency exceeds 60.5 hertz or drops below 58.3.
 4. Harmonics. The Operator's generating equipment shall not introduce excessive distortion to the Company's sinusoidal voltage waves. The maximum allowable voltage distortion must not exceed 5% of the fundamental 60 hertz voltage for the square root of the sum of the squares of the harmonics, and 2% of the fundamental for any individual harmonic which shall be measured at the customer service point.
- H. CILCO may require that a communication channel be installed, at Operator expense, as part of the relay protection scheme. This channel may be a leased telephone circuit, power line carrier, CILCO-owned pilot wire circuit, microwave, or other means to be determined by CILCO.
 - I. If CILCO is requested to do work on the Operator's premises, an inspection of the work area may be made by CILCO operating personnel. If hazardous working conditions are detected, the Operator shall be required to correct the unsafe condition before CILCO will perform the requested work.
 - J. Parallel service offered under the conditions outlined herein is subject to the electric service contract terms and provisions under which electrical energy is sold to the Operator. Demands established on the billing meter shall be billed as prescribed in the rate schedule for the applicable class of service.
 - K. In general, any Operator that desires to deliver power to the Company shall modify his/her wiring to accommodate a second watt-hour meter in series with the existing watt-hour meter. The Company shall install two watt-hour meters with detents. One meter shall record the energy sold to the Operator and the other meter shall record energy purchased from the Operator. If the Operator elects to have parallel generation with the Company but does not desire to deliver energy to the Company, the Company shall replace the existing watt-hour meter with a watt-hour meter with detents. The cost of the second watt-hour meter and the extra cost of a watt-hour meter with detents shall be at the Operator's expense.

V. Special Requirements – Three-Phase Generators

The following requirements refer to three-phase generator installations. These requirements are in addition to those outlined in Section IV. General Requirements.

- A. The protective devices (relays, circuit breakers, etc.) required to promptly remove the fault contribution from the Operator's generation, will be designed, owned, operated, and maintained by CILCO. In those cases where CILCO ownership is

not practical, the protective equipment may be owned by the Operator. In these instances, however, the following stipulations shall apply:

1. All protective devices, installed to protect the system from Operator infeed, shall be specified by CILCO.
 2. The installation and check-out of these devices shall be supervised by CILCO and subject to CILCO approval.
 3. All relay settings on the interconnect shall be specified by CILCO.
 4. CILCO reserves the right to verify on demand the calibration and operation of all protective equipment including relays, circuit breakers, etc. at the interconnect location. Verification may include the tripping of the tie breaker by the protective relays.
 5. Switching of the main tie circuit breaker shall be under the operating direction of CILCO. CILCO reserves the right to open the disconnecting device to the Operator for any of the following reasons:
 - a. System emergency
 - b. Inspection of Operator's generating equipment and protective equipment reveals a hazardous condition.
 - c. The Operator's generating equipment interferes with other CILCO customers or with the operation of the CILCO system.
- B. The Operator shall be warned that certain conditions on the utility system may cause negative sequence currents to flow in the Operator's generator. It is the sole responsibility of the Operator to protect his/her equipment from excessive negative sequence currents.
- C. CILCO normally applies automatic reclosing to distribution and transmission circuits. When the CILCO source breaker trips, the Operator shall insure that his/her generator is disconnected from the utility circuit prior to automatic reclosure by the utility. Automatic reclosing out-of-phase with the Operator's generator may cause damage to Operator equipment. The Operator is solely responsible for the protection of his/her equipment from automatic reclosing by CILCO.
- D. Except in unusual instances, CILCO shall not connect Operator generators in parallel with its system through power transformers protected by high-side fuses. This policy is intended to reduce the possibility of damage to the Operator's machines due to negative-sequence currents.
- E. Except in rare instances, to be determined by CILCO, all Operator generators shall be isolated from CILCO-owned equipment by a power transformer. This

transformer shall be connected in such a manner as to isolate the zero-sequence circuit of the Operator's generator from the zero-sequence network of the utility. CILCO shall decide whether this power transformer shall be delta-connected, wye-connected solidly grounded, grounded through an impedance, or ungrounded at the interconnection line voltage.

- F. Direct current generators may be operated in parallel with the CILCO system through a three-phase synchronous inverter. The inverter installation shall be designed such that a utility system interruption shall result in the removal of the inverter infeed to the utility. Harmonics generated by an inverter interface shall not cause any reduction in the quality of service provided to other utility customers.

VI. Special Requirements – Single-Phase Generators

The following requirements refer to a single-phase customer generator installation. These requirements are in addition to those outlined in Section V, paragraph A.

- A. It shall be the Operator's responsibility to provide an adequate protection and control system and to utilize quality equipment so as to meet:
 - 1. The requirements of this policy.
 - 2. Applicable electrical and safety codes.
 - 3. The criteria of all applicable licensing authorities.
- B. The Operator shall be required to install, operate and maintain in good order and repair, and without cost to CILCO, all facilities required for the safe operation of the generation facilities in parallel with CILCO's system.
- C. The Operator will be required to furnish a manual load break disconnecting device to separate the Operator's generator from the utility. This disconnecting device will be accessible to and allow padlocking by CILCO personnel.

CILCO reserves the right to open this disconnecting device, isolating the Operator generation, for any of the following reasons:

- 1. The Operator's generating equipment causes objectionable interference with other customers' electric service, or with the operation of the CILCO system.
- 2. The Operator's generator output exceeds the operating boundaries outlined in IV. General Requirements, paragraph G.
- 3. The Operator's control and protective equipment constitutes a hazardous condition. CILCO reserves the right to verify on demand all protective equipment including relays, circuit breakers, etc., at the interconnect

location. Verification may include the tripping of the tie breaker by the protective relays.

4. Personal safety is threatened.

EXHIBIT AAPPLICATION FOR PARALLEL OPERATION WITH
CENTRAL ILLINOIS LIGHT COMPANY

The following information must be furnished to Central Illinois Light Company by the Operator or his/her representatives:

Operator's Name: _____

Contact Person: _____

Location: _____ Zip Code: _____

Telephone: _____

Service Point Location: _____
(Name of existing service point or attach map)

The following information shall be furnished upon application by the Operator or his/her representative for consideration in the mutual interest of the Operator and Central Illinois Light Company:

Generator: (Complete all applicable items.)

Station Name: _____

Unit Number: _____

Manufacturer: _____

Type: _____

Kilowatt Rating: _____

Kilovolt-Ampere Rating: _____

Power Factor: _____

Volts: _____

Amperes: _____

Phase and Frequency: _____

R.P.M.: _____

Field Amps: _____

Field Volts: _____

Synchronous Reactance: _____ % on _____ base.

Transient Reactance: _____ % on _____ base.

Subtransient Reactance: _____ % on _____ base.

Negative Sequence Reactance: _____ % on _____ base.

Zero Sequence Reactance: _____ % on _____ base.

Motoring Power: _____ kw _____

Year Installed: _____

Serial Number: _____

Prime Mover:

Manufacturer: _____

Type: _____

Energy Source: Briefly describe the cogeneration, wind, solar, hydro, or other
energy source.

I have read the Policy and Procedures for installing a generator to be operated in parallel with
CILCO and do hereby agree to comply with all its requirements.

Signed _____

Dated _____

EXHIBIT BGENERATOR: (MAJOR 3 PHASE SYNCHRONOUS MACHINES, GREATER THAN 1000 KVA)

Manufacturer: _____
 Type: _____
 R.P.M.: _____
 Rated Kilovolt-Amperes; base KVA for impedance's
 KVA: _____
 Rated Kilovolts; base KV for impedance's
 KV: _____
 Rated power factor _____
 PF: _____
 Transient open circuit time constant; direct axis in pu
 T'do: _____
 Subtransient open circuit time constant; direct axis in pu
 T''do: _____
 Transient open circuit time constant; quadrature axis in pu
 T'qo: _____
 Subtransient open circuit time constant; quadrature axis in pu
 T''qo: _____
 Inertia constant @ rated speed (KW-Sec/KVA)
 H: _____
 Machine load damping coefficient
 D: _____
 Synchronous reactance; direct axis in pu
 Xd: _____
 Synchronous reactance; quadrature axis in pu
 Xq: _____
 Transient reactance @ rated voltage; direct axis in pu
 X'dv: _____
 Transient reactance @ rated current; direct axis in pu
 X'di: _____
 Transient reactance; quadrature axis in pu
 X'q: _____
 Subtransient reactance @ rated voltage; direct axis in pu
 X''dv: _____
 Subtransient reactance @ rated current; direct axis in pu
 X''di: _____
 Subtransient reactance @ rated current; direct axis in pu
 X''qv: _____
 Subtransient reactance @ rated current; quadrature axis in pu
 X''qi: _____
 Stator leakage reactance in pu

X1: _____
 Negative sequence resistance in pu
 R2: _____
 Negative sequence reactance in pu
 X2: _____
 Zero sequence resistance in pu
 R0: _____
 Zero sequence reactance in pu
 X0: _____
 Supply one copy of the manufacturer's machine saturation curve in order to determine the following two values:
 Machine saturation at 1.0 pu voltage (see Figure 1)
 S(1.0): _____
 Machine saturation at 1.2 pu voltage (see Figure 1)
 S(1.2): _____

PRIME MOVER:

Manufacturer: _____
 Type: _____
 Energy source (natural gas, etc.): _____

STEP UP TRANSFORMER:

Manufacturer: _____
 Rated Kilovolt-Amperes; base KVA for impedance's
 KVA: _____
 Rated Kilovolts; base KV for impedance's
 KV: _____
 Rated impedance @ base KVA in pu
 Z: _____
 Load Loss
 KW: _____
 Winding connection: _____
 Available tap settings: _____
 Current tap setting: _____

EXHIBIT C**AGREEMENT FOR PARALLEL OPERATION OF GENERATION**

AGREEMENT made and entered into this ____ day of _____, ____ , by and between Central Illinois Light Company, Peoria, Illinois (hereinafter called "CILCO"), and _____ (hereinafter called "Operator"):

WHEREAS, Operator is desirous of operating his/her generating equipment in parallel with CILCO's electric system and has made application to CILCO for the installation of certain protective devices at any location where the Operator desires to operate generation in parallel with CILCO system; and

WHEREAS, it is CILCO's policy to permit any Operator to operate his/her generating equipment in parallel with CILCO's electric system whenever this can be accomplished without adverse effects to the general public, to CILCO's equipment or personnel.

NOW, THEREFORE, for and in consideration of the mutual promises and undertakings to be kept and performed by the parties hereto, it is agreed as follows:

1. The Operator shall complete an application for parallel operation with Central Illinois Light Company and submit detailed drawings of the proposed installation. Said application is attached and labeled as Exhibit A, "Application for Parallel Operation with CENTRAL ILLINOIS LIGHT COMPANY" (1,000 KVA and larger must also complete Exhibit B).
2. Representatives of CILCO shall meet with Operator at a mutually agreeable time to discuss Operator's proposal.
3. If Operator design meets acceptable CILCO safety standards, approval will be given at that time. If changes to CILCO's system are required, an estimate for charges for services will be given to the Operator. Actual charges will be billed to the Operator upon completion of the changes.
4. Operator agrees to allow CILCO representatives to inspect the installation prior to hookup.
5. Operator agrees to conduct an operational test run with a CILCO representative present.
6. The Operator will be billed for labor and material utilized in the changes to CILCO's system, upon completion of all CILCO work.
7. The Operator agrees to request and receive CILCO's approval prior to making any alterations or modifications to the original installation.

8. CILCO shall not assume any responsibility for the protection of Operator's generator(s) or any other portion of the Operator's electrical equipment.
9. The Operator is solely responsible for protecting his/her equipment in such a manner that faults or other disturbances on CILCO's systems do not cause damage to the Operator's equipment.
10. CILCO reserves the right and the Operator agrees to allow CILCO to conduct annual on site inspections of Operator's equipment to insure proper operating conditions.
11. Operator shall be liable for any damage caused to CILCO's equipment or personnel as the result of any deviation from the provisions of CILCO's Policies and Procedures for the Parallel Operation of Generation.

This Agreement shall become effective upon formal application of Operator and shall expire only upon the removal of Operator's Generation Equipment. Operator shall notify CILCO within five business days of the removal of said installation.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as the date here and above first set forth.

CENTRAL ILLINOIS LIGHT COMPANY

Operator

Approved: 20____

Date: _____

By: _____

By: (X) _____

Title: _____

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